

FINANCE AND CONSTITUTION COMMITTEE

FUNDING OF EU STRUCTURAL FUND PRIORITIES IN SCOTLAND, POST-BREXIT

SUBMISSION FROM ANGUS LEADER LOCAL ACTION GROUP

Core approach

1. How should Scotland's share of post-Brexit structural funding be determined? (for example, should it be on measures such as GDP, needs-based, via the Barnett formula; match funding or based on competition?)

For 2014-2020 Angus LEADER have a £2.75million EU allocation via the Scottish Government, against the Angus LEADER Local Development Strategy, which is community-led. The fund is allocated using EU Rural Development Policy regulations, (which relate to a certain proportion of CAP Pillar II?), then tailored at Scottish level to make allocations between 21 rural LAGs based on a multi-variable scoring, using population, area, remoteness etc (developed by Hutton institute for this programme). So the policy context needs to be re-viewed initially, whether the proportionality of overall farm-income support is still a relevant factor, and how well have the Hutton's fund-targeting approach actually worked in practice, bearing in mind that impacts arising from bespoke local delivery/business arrangements may interfere with any analysis of the suitability of the Hutton's approach.

The Hutton approach, though complicated to work through initially, provided a good basis of a 'rurality' approach, which helped to support a local needs basis. Some of the work done by Prof Sarah Skerratt, SRUC, on the needs of rural communities will highlight relevant issues faced by rural communities. Also, the reports from NCRA and Ag Champions have both contained some excellent recommendations for supporting rural communities – these cannot be ignored in any future decisions about rural support.

If the current formula has worked, it should be adapted to the new context

If this just falls within the general settlement of UK Govt. to SG – then Barnett formula at national levels.

In country, agree that the arrangement for disbursement of funds should be reviewed and arrangements adopted which reflect lessons learned.

2. Should the existing structural funding priorities be retained for any new funding approach post-Brexit or are there other national or regional outcomes, strategies or plans to which future funding should align instead?

Angus LEADER works to a mixture of horizontal themes applied by EU and Scot Gov, and LDS priorities developed locally by 21 LAGs. These national, regional and local influences/tensions will remain, regardless of the removal of the EU layer of themes, and are a wider debate for public funds, not simply EU funds.

It would seem inevitable that National themes will be there. The key is to ensure that they are appropriately balanced against local priorities. Local strategies should align with Local Outcome Agreements to ensure coherence and equity in local policy making.

It is vitally important that each LAG area has to identify its own priorities – no ‘one-size fits all’ approach please! Our point about balancing national with local is important but ‘local’ needs to remain as a priority. Could there be a link with any future Land Use Strategy type project, like the one in the Scottish Borders which linked communities with land use for water (flooding, etc), energy, food production and processing, leisure pursuits, transport, etc, to make it a truly locally focused strategy? This was based on the Teviot/Tweed catchment area. It did rather take away from the Local Authority based areas though and could be difficult to delineate and therefore administer?

The UKSPF should primarily seek to replicate the high level objectives of the current EU Structural Funds, in the LEADER context this means the European Agricultural Fund for Rural Development (EAFRD).

3. In terms of the proposal for a UK Shared Prosperity Fund - where should the responsibility for any decisions about funding levels and allocation be taken (for example UK Government, Scottish Government, Local Government or local stakeholders) and what level of autonomy should they have in deciding how funding is allocated?

The tensions reported in answer to Q2 will determine how priorities, sources of funds and levels of autonomy/accountability/responsibility are determined. There are opportunities to embrace some of the participative budgeting and community empowerment agendas. But LEADER is an approach to support LOCAL decision making, so undermining that would change the nature of the approach.

Decisions should be devolved in the lowest level practical – with a focus on encouraging local community participation in key allocations – but this is a challenging agenda in practice.

Without doubt National Governments will want to have a say in the guidelines and allocation of funds but the decisions have to be taken locally for the benefit of the local communities. Not sure how easy it will be to leave 'autonomy' for deciding how funds will be allocated – this is public funding and the public needs to know its money is being spent wisely and correctly, so there will need to be some element of 'control' higher up the tree than all local? However LEADER is crucial to supporting local people's agendas.

4. To what extent should the current system of allocating funding to strategic interventions across Scotland through lead partners etc. be retained or changed by any post-Brexit funding approach and why?

See previous questions' responses – LAGs/accountable bodies are deemed to be the strategic partners with local credibility, contracted via SLA-LDS arrangements. This local level reflects the underpinning CLLD nature of LEADER, and it would seem to change the approach to have larger, more regional partners. One specific issue is that LEADER is a 6-yearly tranche of funding, as distinct from an annual fund. A reduced number of years would require a markedly different approach.

Continuity of funding is needed – local development is a long-term process. Local authority level would seem appropriate for a local strategic body – like the LAG.

Barriers to funding projects

5. What barriers limit strategic intervention funds being committed to individual projects under the current programmes and to what extent should any new structural funding approach address these barriers?

Match funds and applicant capacity are crucial, including the strain of retrospective funding, which places duress on cash-flow for community and non-commercial applicants, who are among the intended beneficiaries/hosts for the funds.

Also, the level of complexity and proportionality at both application and evaluation can be a barrier. It should be no harder to access this fund than other comparable funding pots.

Also, many projects require an element of core-funding which is not easy to access.

Also it cannot reasonably be assumed that projects will become 'self-sustaining' after the funding has stopped. This is sometimes not practical; nor is it always necessary/practical for many necessary and desirable projects to have 'innovation' as a strategic driver. The complexity of the form-filling is pretty mind numbing too, so simplifying the process is a priority.

6. To what extent should any rules relating to post-Brexit structural funding enable a flexible approach to the range of local projects that can be supported or should the rules focus on funding specific outcomes or purposes (such as through ring fencing)?

CLLD is designed around flexibility and self-directed prioritisation, so restrictions (ie overburden of rules) in these respects would detract from current arrangements. The strategic priority could be 'community will lead', rather than, for example, the specifying of complex outcome-related targets.

7. Are there examples of current structural fund priorities being more effectively supported by other funds (or core funding) such that they should not form part of any post-Brexit structural funding approach?

EU structural policy will not apply, but the intra-UK issues will remain, so it may be wise to retain a structural approach by which UK/Scottish governments can moderate structural inequalities/disparities, and separate these from local, core issues, even if local vessels are chosen to deliver structural policy. The effectiveness of all funds – structural and other - for rural development is always impacted by local delivery, for good OR bad. Where funding is targeted at geographies or requires a threshold of scale, by its nature it detracts from a community-led approach.

Administration

8. What changes to the current monitoring, evaluation and compliance activities would reduce administrative complexity for any future structural funds approach while maintaining sufficient transparency?

In our experience EU funds are more burdensome – particularly at lower grant levels. There needs to be a proportional approach. Also, a clear focus on locally important outcomes, with less need to address high level output targets that don't have a natural fit with some locally valuable activities. The LEADER LARCS system was created for this programming period, but late in being launched and has not been without its issues.

9. Should the system for making claims change for any future funding approach?

See answer 8. Above, and this links to the previous point on cash flow. At lower levels of funding, more cash could be released upfront and then accounted, removing the need for a claims process. This happens with many other funds – but needs to sit within a clear framework of accountability.